

11. Applicants state that C.M. Life assumes an expense risk under the Contracts. According to Applicants, this is the risk that the charges for administrative services under the Contracts will be insufficient to cover actual administrative expenses.

#### **Applicants' Legal Analysis and Conditions**

1. Applicants request that the Commission, pursuant to Section 6(c) of the 1940 Act, grant the exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act in connection with Applicants' assessment of the daily for the mortality and expense risks under the Contracts. Applicants state that the requested extension of relief to the Other Accounts and the Other Contracts is appropriate in the public interest. Applicants opine that the relief would promote competitiveness in the variable annuity market by eliminating the need to file redundant exemptive applications and would, therefore, reduce administrative expenses and maximize efficient use of resources. Applicants assert that the delay and expense involved in having to repeatedly seek exemptive relief would impair the ability of C.M. Life to take advantage effectively of business opportunities as those opportunities arise. Applicants posit that the requested relief is consistent with the purposes of the 1940 Act and the protection of investors for the same reasons. Applicants finally state that were C.M. Life required to seek repeated exemptive relief with respect to the issues addressed in the application, no additional benefit or protection would be provided to investors through the redundant filings.

2. Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act, in pertinent part, prohibit a registered unit investment trust and any depositor thereof or underwriter therefor from selling periodic payment plan certificates unless the proceeds of all payments (other than sales load) are deposited with a qualified bank as trustee or custodian and held under arrangements which prohibit any payment to the depositor or principal underwriter except a fee, not exceeding such reasonable amount as the Commission may prescribe, for performing bookkeeping and other administrative services of a character normally performed by the bank itself.

3. Applicants assert that the charge for mortality and expense risks is reasonable compensation for the risks assumed.

4. Applicants represent that the proposed charge of .53% and the maximum charge of 1.25% for the

mortality and expense risks assumed by C.M. Life is within the range of industry practice with respect to comparable annuity products. Applicants state that this representation is based upon C.M. Life's analysis of publicly available information regarding mortality risks, taking into consideration such factors as: The guaranteed annuity purchase rates; the expense risks, the estimated costs for product features; and the industry practice with respect to comparable contracts. Applicants represent that C.M. Life will maintain at its principal office, available to the Commission, a memorandum setting forth in detail the products analyzed and the methodology and results of the analysis by C.M. Life.

5. Applicants acknowledge that the Sales Charge may be insufficient to cover all costs relating to the distribution of the Contracts. To the extent distribution costs are not covered by the Sales Charge, C.M. Life will recover its distribution costs from the assets of the general account. These assets may include that portion of the mortality and expense risk charge which is profit to C.M. Life. Applicants represent that C.M. Life has concluded that there is a reasonable likelihood that the proposed distribution financing arrangement will benefit the Account and the owners of the Contracts. The basis for this conclusion is set forth in a memorandum which will be maintained by C.M. Life at its principal office and will be made available to the Commission.

6. C.M. Life also represents that the Accounts will invest only in management investment companies which undertake, in the event such company adopts a plan under Rule 12b-1 of the 1940 Act to finance distribution expenses, to have such plan formulated and approved by either the company's board of directors or the board of trustees, as applicable, a majority of whom are not interested persons of such company within the meaning of the 1940 Act.<sup>2</sup>

#### **Conclusion**

Applicants assert that for the reasons and upon the facts set forth above, the requested exemptions from Sections 26(a)(2)(C) and 27(c)(2) of the 1940 Act are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

<sup>2</sup> Applicants represent that the application will be amended during the notice period to include this representation for all of the Accounts.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

**Margaret H. McFarland,**  
*Deputy Secretary.*

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**BILLING CODE 8010-01-M**

**[Investment Company Act Release No. 20849; File No. 811-5806]**

#### **The Global Settlement Fund, Inc.; Application for Deregistration**

January 23, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** The Global Settlement Fund, Inc.

**RELEVANT ACT SECTION:** Section 8(f).

**SUMMARY OF APPLICATION:** Applicant seeks an order declaring that it has ceased to be an investment company.

**FILING DATES:** The application on Form N-8F was filed on January 4, 1995, and amended on January 20, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 21, 1995, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicant, 61 Broadway, New York, New York 10006.

**FOR FURTHER INFORMATION CONTACT:** James J. Dwyer, Staff Attorney, at (202) 942-0581, or C. David Messman, Branch Chief, at (202) 942-0564 (Office of Investment Company Regulations, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

#### **Applicant's Representations**

1. Applicant is a Maryland corporation and a diversified open-end

management investment company. On May 2, 1989, applicant registered under section 8(a) of the Act on Form N-8A, and filed a registration statement on Form N-1A under section 8(b) of the Act and under the Securities Act of 1933 to register an indefinite number of shares. The registration statement was declared effective on March 13, 1992, and the initial public offering of applicant's shares commenced on or about that date.

2. At a meeting held on May 17, 1994, applicant's board of directors determined that it was desirable to dissolve applicant and voted to discontinue sales of applicant's shares and to take steps to terminate applicant's operations and wind up its affairs. Prior to that date, applicant had four shareholders. In addition, applicant's investment adviser, Bankers Trust Company, owned shares representing its investment in seed capital in applicant.

3. As of May 18, 1994, applicant had outstanding 14,140,924.96 shares of common stock, with a net asset value of \$1.00 per share. Following the board of directors' meeting of May 17, 1994, all of applicant's shareholders voluntarily redeemed their shares. In the ten day period ended May 27, 1994, all of the assets of applicant were distributed to its shareholders at net asset value. All of the shareholders received their redemption proceeds in cash except for those shareholders who requested payment in-kind.

4. The only expenses expected to be incurred in connection with the liquidation and dissolution of applicant are professional fees and expenses, special directors' meeting expenses, and certain other minor expenses. Applicant's principal underwriter, Forum Financial Services, Inc., and applicant's investment adviser have agreed to bear all expenses incurred by applicant in connection its dissolution.

5. At the time of the application, applicant had no securityholders, assets, or liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not presently engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding up of its affairs.

6. Applicant intends to file Articles of Dissolution pursuant to Maryland law after receiving an order of the SEC declaring that applicant has ceased to be an investment company.

For the SEC, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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**[Rel. No. IC-20855; 811-7594]**

### **Intermediate Term Tax Free Fund of Vermont, Inc.; Notice of Application**

January 24, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Intermediate Term Tax Free Fund of Vermont, Inc.

**RELEVANT ACT SECTIONS:** Section 8(f).

**SUMMARY OF APPLICATION:** Applicant requests an order declaring that it has ceased to be an investment company.

**FILING DATES:** The application was filed on November 25, 1994, and amended on January 3, 1995.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 21, 1995, and should be accompanied by proof of service on applicant in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicant, Town Road x22, P.O. Box 366, Warren, Vermont 05674.

**FOR FURTHER INFORMATION CONTACT:** James M. Curtis, Senior Counsel, at (202) 942-0563, or Robert A. Robertson, Branch Chief, (202) 942-0564 (Office of Investment Company Regulation, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

### **Applicant's Representations**

1. Applicant is registered as an open-end management investment company that was organized as a corporation

under the laws of Vermont. On March 26, 1993, applicant filed a notice of registration on Form N-8A pursuant to section 8(a) of the Act. On March 22, 1993, applicant filed a registration statement under section 8(b) of the Act and under the Securities Act of 1933 on Form N-1A to issue an indefinite number of shares. Applicant's registration statement was declared effective on October 25, 1993, and applicant commenced its initial public offering on that date. Mark C. Bennett, PhD, Inc. ("Adviser") is applicant's investment adviser.

2. As of November 7, 1994, applicant had total net assets of \$309,185.11 comprising 16,333.075 shares outstanding at a net asset value of \$18.93 per share. As of November 7, 1994, applicant distributed \$309,185.11 to its shareholders. Each shareholder received his or her proportionate interest based on the net asset value of the shares. Organizational expenses totaling \$55,000 were paid when incurred by Adviser. Therefore, no unamortized organizational expenses were charged to applicant.

3. Liquidation expenses of less than \$50.00 for copying and postage were paid by Adviser.

4. Applicant has no securityholders, assets, debts, or other liabilities. Applicant is not a party to any litigation or administrative proceeding. Applicant is not engaged and does not propose to engage in any business activity other than those necessary for the winding up of its affairs.

5. On November 3, 1994, the directors of applicant authorized the dissolution of applicant. Applicant filed a statement of intent to dissolve with the secretary of state of Vermont on November 23, 1994.

For the Commission, by the Division of Investment Management, under delegated authority.

**Margaret H. McFarland,**

*Deputy Secretary.*

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**[Investment Company Act Release No. 20857; 811-2967]**

### **M I Fund, Inc.; Notice of Application**

January 24, 1995.

**AGENCY:** Securities and Exchange Commission ("SEC").

**ACTION:** Notice of Application for Deregistration under the Investment Company Act of 1940 (the "Act").

**APPLICANT:** M I Fund, Inc.